

State housing data indicates expanding 'Just Cause' restrictions will reduce Oakland's Housing Supply

July 10, 2022



Prepared by a coalition of Oakland Housing
Providers & Pro-Housing Groups

Expanding Just Cause restrictions to new construction, ADUs and RVs, **will reduce Oakland's supply of affordable housing and drive up rents further** as demand continues to rise.

The efficacy of Council Members Kalb and Fife's Supplemental Report is in question and its findings are flawed by concluding that cities with Just Cause restrictions achieved 146% of RHNA goals. In reviewing the data, we discovered:

- The Report **excluded the most critical RHNA housing segment data directly tied to affordability:** very low, low, and moderate-income housing. It distorts report findings when most pro-tenant and housing organizations are specifically concerned about these housing segments.
- Communities with expanded Just Cause restrictions **only achieve 71% of their RHNA targets** vs. the 146% presented in the Supplemental Report.
- On average, expanded Just Cause cities in the Bay **Area fall more than 35% below RHNA targets** compared to Non-Just Cause cities. *California State Housing Data clearly demonstrates this.
- If Oakland enacted the proposed Just Cause Ordinance modifications to include new construction, ADUs and RVs, at the beginning of the RHNA cycle in 2015, the city may have **approximately 6,218 fewer rental units today.**

In terms of housing production, Oakland outperformed neighboring cities that have more Just Cause restrictions. **We recommend City Council wait and not rush this ballot initiative** and perform a more thorough analysis and impact study. Then work with multiple housing authorities and key stakeholders to find ways that encourage development instead of introducing policies that risk reversing Oakland's current housing production gains.

*The complete data set was obtained from the 2015-2020 ABAG Permit to RHNA Building Report and 2021 California Department of Housing and Community Development APR. See source links at the end of this document.

The Supplemental Report (July 7th, 2022) has incomplete data

Just Cause City	2015-2021 Data Supplemental Report Data Above Moderate Income (Only)		
	Permits Issued	RHNA	% of Permits to RHNA
Alameda (City)	1,775	748	237%
East Palo Alto	15	266	6%
Emeryville	1,052	752	140%
Fairfax	14	23	61%
Hayward	2,824	1,981	143%
Mountain View	4,658	1,093	426%
Richmond	805	1,282	63%
San Francisco	21,023	12,536	168%
San Jose	15,052	14,231	106%
Union City	403	417	97%
All	50,736	34,730	146%

July 7, 2022 Supplemental Report Chart:

1. Has a **limited data set** that only covers data for "Above Moderate Income" permits.
2. Incorrectly suggests 'Just Cause' cities overachieve housing production goals by 146%.
3. Contradicts the fact that our ENTIRE state is facing a dire housing shortage crisis. The Report excludes critical very low, low and moderate income data.

← This 146% number is based on incomplete data. The complete data set tells a different story.

Note: although not significantly changing the results, per review of data sources with ABAG, California Department of Housing and Community Development and Mountain Views' Housing Element, the "Above Moderate Income" permits issued for this period were only 4,060 and not 4,658. In addition the "All" total lines in the Supplemental Report had a calculation error and were not correct. Actual totals are Permits: 47,023, RHNA: 33,029 and % of Permits to RHNA: 141%. Links to all data sources noted on the last page of this document.

Deeper Analysis: Cities with Just Cause restrictions fail to achieve overall RHNA targets

A more complete analysis includes all RHNA housing targets. Once this data is included, Cities with Just Cause on new construction drastically drops by more than half the reported percentage to only 71% of the RHNA targets.

Just Cause City	2015-2021 Data Complete Data Set Very Low, Low, Moderate, Above			Notes
	Permits Issued	RHNA	% of Permits to RHNA	
Alameda (City)	2,064	1,723	120%	
East Palo Alto	225	467	48%	
Emeryville	1,254	1,498	84%	
Fairfax	185	61	303%	
Hayward	3,291	3,920	84%	2
Mountain View	4,492	2,926	154%	
Richmond	1,223	2,435	50%	
San Francisco	26,614	28,869	92%	2
San Jose	15,653	35,080	45%	2
Union City	457	1,106	41%	
All	55,458	78,085	71%	1

1. Including all RHNA income segments shows that Just Cause cities only achieve 71% of targets and primarily impeding moderate, low and very low Income housing – the ADU target demographic.

2. Multiple factors may impact housing development, but data indicates larger cities with expanded Just Cause Ordinances underperform on housing production (RHNA numbers).

← Same cities used in the Supplemental Report, but now include the complete RHNA data. Just Cause Cities only hit 71% of targets, not 146%.

Data Sources: 2015-2020 ABAG Permit to RHNA Building Report, 2021 California Department of Housing and Community Development APR. See source links at the end of this document.

Deeper Analysis: Cities without Just Cause restrictions achieve overall RHNA targets

Bay Area cities with expanded Just Cause significantly underperform when compared to Non-Just Cause cities. It's also the same result when comparing just Alameda County.

Bay Area Cities	2015-2021 Data Complete Data Set Very Low, Low, Moderate, Above			Notes
	Permits Issued	RHNA	% of Permits to RHNA	
"All" Just Cause Cities	55,389	78,085	71%	
All Non-Just Cause Cities in the Bay Area	118,546	109,905	108%	3
All Non-Just Cause Cities in Alameda County	39,249	35,789	110%	4
Oakland w/o Just Cause Extension to New Construction	16,692	14,765	113%	5

3. All Bay Area includes 99 Non-Just Cause cities and demonstrates that they perform at 108% of RHNA targets, 37% higher than Just Cause cities.

4. All Alameda County includes 11 Non-Just Cause cities and shows that they are performing at 110% of RHNA targets, 39% higher than Just Cause cities.

5. The data demonstrates, by extending Just Cause to ADUs and new construction, Oakland risks negatively impacting its future RHNA goals.

Data Sources: 2015-2020 ABAG Permit to RHNA Building Report, 2021 California Department of Housing and Community Development APR. See source links at the end of this document.

37% LESS Housing with expanded 'Just Cause' Restrictions

Complete Data (from ABAG & CA Department of Housing):

→ **The FULL data set** covers permits at ALL housing affordability levels:

- 1) Very Low Income permits
- 2) Low Income permits
- 3) Moderate Income permits
- 4) Above Moderate Income permits

→ 37% less housing production in cities with 'Just Cause' restrictions on new housing

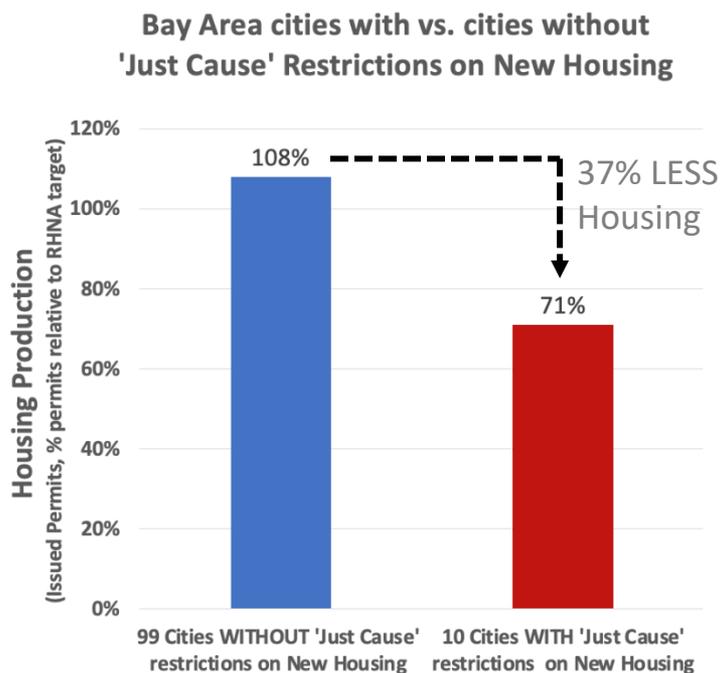
→ Negative housing impacts on ADUs and new apartment units

The CA Department of Housing data set reviewed in this analysis:

Bay Area counties: Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Solano and Sonoma.

→ 10 Bay Area cities WITH 'Just Cause' restrictions on ADUs/new housing

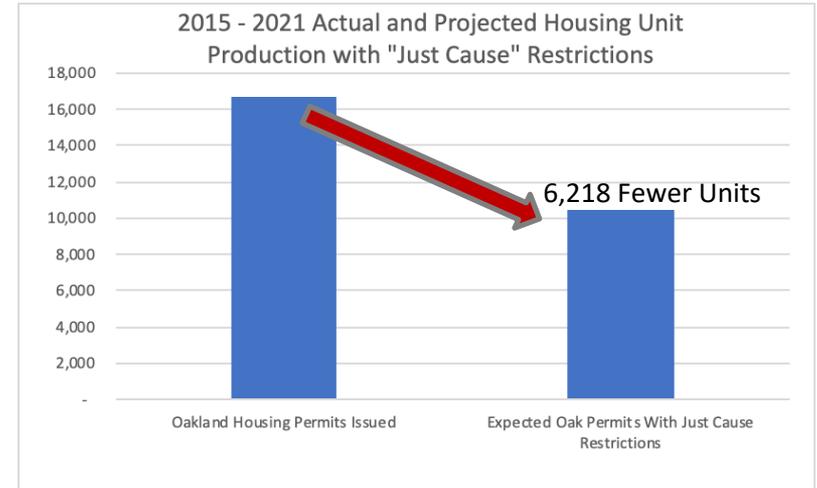
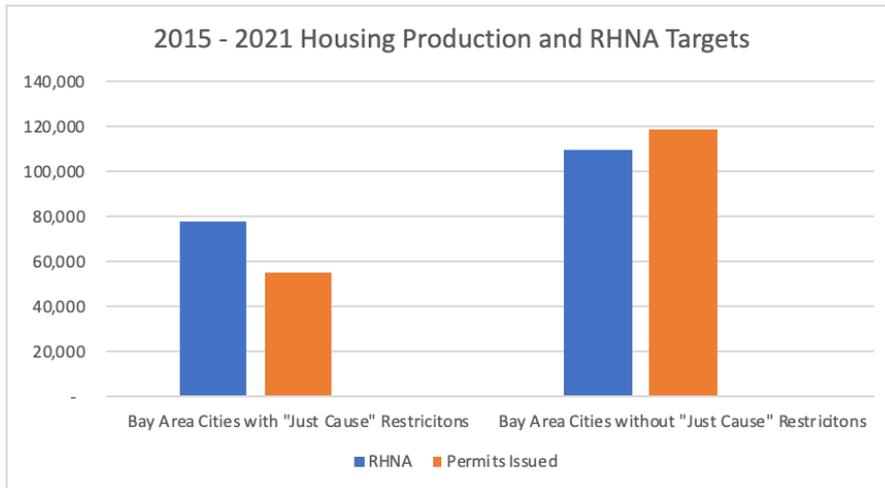
→ 99 Bay Area cities WITHOUT 'Just Cause' restrictions on ADUs/new housing



Just Cause Restrictions Cost Oakland 6,218 Units

Just Cause restricted cities produce less housing (left) than cities without Just Cause restrictions (right).

71% of RHNA targets means that Oakland would have lost 6,218 households in the current RHNA cycle.



KEY QUESTIONS:

- What will Oakland City Council say to families that have no place to live in the next RHNA Cycle?
- How many jobs from skilled labor will be lost due to fewer construction projects?
- Which City Councilmembers, who support expanding the ordinance in Oakland, will be accountable for these negative results when the predictions materialize?

Conclusions

1. The July 7, 2022 Supplemental Report does not present or consider the negative impacts that advancing Just Cause may have on future Oakland housing development.
2. The data shows that cities with enhanced Just Cause Ordinances underperform on RHNA targets vs. their non-Just Cause counterparts. More housing restrictions and enforcement generally impede investor development.
3. ADU production of very low, low and moderate-income housing segments will be the most negatively impacted. These types of rental units are critical in solving the affordability gap in Oakland.
4. The negative impact is particularly felt more in larger population cities like Oakland where the majority of its “affordable” rental units are older housing stock. With less production of new housing, rental requirements by owners and renter competition will continue increasing.
5. The analysis indicates that Oakland, with numbers at 113% today, risks significantly reducing their RHNA targets if they were to implement Just Cause on New Construction.
6. Further analysis (impact on development, low income housing) must be performed before engaging highly risky proposals that expand Just Cause to ADUs, new construction and RVs. Before rushing the ballot measure to voters, pause this effort and focus on supporting development of new housing and ADUs at all affordability levels.

Additional Considerations

The impact of extending Just Cause to RVs:

The City would like to encourage RVs to move off the street and on to designated empty lots. The assumption is that a developer with an empty lot, who has been waiting years for entitlements and permits, would be open to allowing RVs on their lot for housing. *Consider the following:*

- With potentially millions invested, developers won't take the risk letting a tenant with an RV use their lot, up until construction is ready to begin, when the developer may not be able to remove the tenant under Just Cause protections in a timely fashion.
- Construction delays hold up jobs from trade unions, increases housing costs, and raises the capital required for development.
- Under the current or new city mandated emergency with an Eviction Moratorium, it would be impossible to begin the development project if an RV was on the project site.

The impact of extending Just Cause to ADUs, regardless of time period exemptions:

The City would like to encourage more property owners to invest in ADUs and JADUs to improve housing density and create lower-cost and more affordable housing. *Consider the following:*

- Subjecting ADUs to Just Cause restrictions could upend the opportunity for existing homeowners to add thousands of affordable rental units to the housing stock in Oakland.
- In a 2020 community survey conducted among residents in Oakland regarding obstacles to the development of ADUs, tenant protections were identified as a major barrier to developing and adding ADUs to the rental market. Homeowners are far less likely to take the risk and undergo the substantial investment of time and money to create an ADU if they cannot maintain control over their owner-occupied home environments.

High Performing RHNA Cities:

The City would like to continue meeting its RHNA targets. *Consider the following:*

- Cities like Mountain View, with strong housing development, are receiving significant corporate investment from corporate titans like Google, Intuit and Symantec. Google recently was approved to build 10,000 units. This information should be included in Staff reports when considering how expanding Just Cause impacts development.

Source Data:

- **ABAG Permit and RHNA Data for the years 2015-2020:** https://abag.ca.gov/sites/default/files/documents/2021-12/2015-2020%20apr_permit_summaries_by_jurisdiction.pdf
- **California Department of Housing and Community Development (APR Data):** <https://www.hcd.ca.gov/apr-data-dashboard-and-downloads>
- **July 7, 2022 Supplemental Report:** <http://oakland.legistar.com/gateway.aspx?M=F&ID=ff1bab62-0d7b-4a23-ab44-424a98590a11.pdf>
 - Other: Note that the supplemental Report indicates that they pulled the 2015-2021 Data from the California Department of Housing and Community Development. The State site only provides 2018-2021 data. Therefore, we used the ABAG data available from 2015-2020 (where ABAG states their source is the California Department of Housing and Community Development-APR Data) and then added the 2021 data downloaded from the State APR data.
 - City of Mountain View 2023-2031 Housing Element July 2022 DRAFT, Page 26 shows that Above Moderate Income Housing Permits for 2015-2021 was 4060 vs the 4,658 noted in the supplement report.: https://abag.ca.gov/sites/default/files/documents/2021-12/Final_RHNA_Allocation_Report_2023-2031-approved_0.pdf